

UNITED STATES DEPARTMENT OF STATE
BUREAU OF POLITICAL-MILITARY AFFAIRS
WASHINGTON, DC 20520

In the Matter of:)
)
)
ORBIT/FR, INC.)
)
)
Respondent)
)

ORDER

WHEREAS, the Directorate of Defense Trade Controls, Bureau of Political-Military Affairs, United States Department of State ("Department"), has notified Orbit/FR, Inc. ("Orbit/FR") ("Respondent") of its intention to initiate an administrative proceeding against it pursuant to Section 38(e) of the Arms Export Control Act (the "Act") (22 U.S.C. 2778 (e)) and its implementing regulations, the International Traffic in Arms Regulations (22 C.F.R. Parts 120-130) (the "Regulations");

WHEREAS, the draft charges are based on allegations that the Respondent Orbit/FR violated Section 38 of the Act and Section 127 of the Regulations as set forth in a draft Charging Letter, attached hereto and incorporated by reference herein, in connection with the unauthorized export of a defense article and defense services to a proscribed country;

WHEREAS, pursuant to Section 128.11 of the Regulations, the Department and the Respondent have entered into a Consent Agreement (attached hereto and incorporated by reference herein), which Respondent's parent, Orbit-Alchut Technologies Ltd. ("Orbit-Alchut") has joined in signing, pursuant to Section 128.11 of the Regulations whereby the Department and the Respondent have agreed to settle this matter in accordance with the terms and conditions set forth therein;

IT IS THEREFORE ORDERED:

FIRST, that the Respondent shall pay in fines and in remedial compliance measures a civil penalty of \$500,000 (five hundred thousand dollars) comprised of the amounts and payable, as stipulated below, in complete settlement of the civil violations as set forth in the Department's draft Charging Letter.

(A) A penalty of \$100,000 (one hundred thousand dollars) is hereby assessed of which \$33,333.34 (thirty-three thousand three hundred and thirty three dollars and thirty-four cents) shall be paid within ten (10) days of the signing of the Order and the balance shall be paid in two installments on the first and second anniversary of the date of the signing of the Order in the amount of \$33,333.33 (thirty-three thousand three hundred and thirty three dollars and thirty-three cents) each, such payments to be made by cashier's or certified check payable to the Department of State.

(B) A penalty of \$200,000 (two hundred thousand dollars) is hereby assessed for remedial compliance measures and such amount shall be applied over the three (3) years of this Consent Agreement for the purpose of defraying a portion of the costs associated with the remedial compliance measures specified in the Consent Agreement (including the Annex of Compliance Measures). The Respondent will provide annually to the Department on the anniversary of the date of this Order a written accounting for the expenditures associated with this penalty assessed for remedial compliance measures, as specified in the Annex of Compliance Measures.

(C) A penalty of \$200,000 (two hundred thousand dollars) is hereby assessed, but shall be suspended on condition that Respondent and Orbit-Alchut comply with the undertakings set forth in paragraph 10 of the Consent Agreement. In the event of any failure to comply with the

undertakings in paragraph 10 of the Consent Agreement, Respondent shall pay immediately to the Department the amount specified herein.

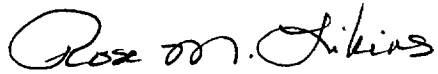
The Respondent agrees that the effect of any statutory limitation to the collection of the civil penalty imposed by the Consent Agreement and this Order shall be tolled until the last payment is made and all terms of the Consent Agreement are satisfied.

SECOND, any failure by Respondent to apply funds appropriately for the required purposes cited in clause (B) for remedial compliance measures or to provide a satisfactory accounting shall result in Respondent being required to pay immediately to the Department the amount specified in that paragraph, less credit for amounts the Department deems to have been properly applied and accounted for as expenditures in compliance with the Consent Agreement. The Respondent is prohibited from applying or claiming any of the amounts expended for remedial compliance measures under clause (B) as reimbursable or recoverable costs in any contract with any agency of the U.S. Government (including any subcontract with respect to such a contract). In the event the Respondent violates this prohibition, the Department will deem it a "failure to apply funds appropriately for the required purposes." Each written accounting to the Department shall include a specific certification by Respondent that it has complied with this prohibition.

THIRD, the Respondent and Orbit-Alchut shall comply with the compliance measures and their other obligations under the provisions of the Consent Agreement (including the Annex of Compliance Measures) and shall do so within the deadlines established therein.

FOURTH, that the draft Charging Letter, the Consent Agreement (including the Annex of Compliance Measures) and this Order shall be made available to the public.

This Order becomes effective on the day it is signed.

A handwritten signature in cursive script that reads "Rose M. Likins".

Rose M. Likins
Acting Assistant Secretary for
Political-Military Affairs
Department of State

Entered this 29th day of August 2005